

# PROCLAMATION

BY THE

## Governor of the State of Texas

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TO ALL TO WHOM THESE PRESENTS SHALL COME:

Pursuant to Article IV, Section 14 of the Texas Constitution, I, William P. Clements, Jr., Governor of Texas, do hereby veto H.B. 150 because of the following objections:

The imposition of an additional one-half cent sales tax on the people of Texas is unnecessary. If this bill were to become law, Texas would have the second highest sales tax rate in the country behind only Connecticut. And, what's worse is that this tax bill falls at least \$5 billion short of paying for SB 1, the education bill which it is meant to fund. The direct result of signing this bill and SB 1 into law would be to cause huge increases in local property taxes and to move the state significantly in the direction of adopting a state income tax. I believe that Texans don't want any new or additional taxes - even to pay for public education - unless they are necessary. There are sufficient revenues currently available in the Treasury to address our education crisis.

I am committed to the development and funding of an equitable and quality education system for every school child in Texas. More state funding for public education is needed in order to accomplish this goal. That is why I signed legislation last summer that increased state spending on education during the current biennium by almost half a billion dollars. And, that is why I support additional legislation that would bring the total increase in state spending during this biennium to \$750 million and would provide the structure for at least \$4.3 billion in increased funding over the next five years.

But, I will not agree to imposing a new or additional tax while other funding options exist. I have delivered to the legislature a list of recommendations identifying lapses and transfers affecting less than 1% of the state's \$49 billion budget that could be used to immediately increase public education expenditures. These lapses and transfers will not in any way affect state services. Another option that could generate new revenue for public education is a state lottery.

The funding levels outlined above and the model on which they are based were the recommendations of a bipartisan task force on education in its comprehensive report issued February 27th of this year. I created that task force by Executive Order on November 9, 1989, to address this education crisis. I want to emphasize the bipartisan nature of the task force and the qualifications of its members. Eight of the twelve task force members were appointed by the Democrat leaders of the legislature, and the other four were appointed by me. Task force members were each highly respected leaders in the areas of education, business and government.

Thus far the legislature has ignored the funding recommendations of the task force. In fact, the education bill adopted by the legislature, SB 1, contains a funding model which attempts to bind future legislatures to expenditure levels more than twice that recommended by the task force. I believe that an attempt to bind future legislatures in this manner is unconstitutional. Also, the attempt to pay for the SB 1 funding model with an increased sales tax probably violates Art. 8, Sec. 22 of the Constitution. Although the Legislative Budget Board has failed to establish the limit on appropriations as required by the law implementing this section of the Constitution, it appears that SB 1 would cause the rate of growth of appropriations from state tax revenues to exceed the rate of growth of the state's economy in violation of the Constitution.

I support an education bill that contains funding provisions modifying SB 1 along the lines of the task force recommendations. I will deliver to the legislature a draft education bill containing the financing provisions that I support. I could also support finance provisions that eliminate the complex funding formulas in current law. I will carefully consider any bill that eliminates these formulas and provides for equal access to funds based on equal levels of local tax effort regardless of the amount of local property wealth.

Spending more money alone will not fix everything that is wrong with our schools. During the last five years, total spending on education has increased more than 50%, with both the state's contribution to school districts and local property taxes rising dramatically. Yet, during that same period, neither our children's test scores nor drop-out rates have shown any measurable improvement. I commend the legislature for recognizing the need for education reforms. Based largely on task force recommendations, SB 1 contains reforms that would deregulate our public schools by providing for greater local control, and would give schools incentives for improving performance.

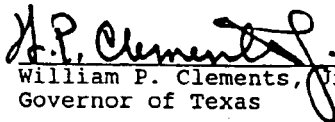
I would add a provision to the reforms in SB 1 that would require local voter approval for property tax increases. The average Texas homeowner already pays \$1560 per year in local property taxes, and that number should not increase without voter approval. By way of comparison, the average Texas family pays more than \$1200 per year directly or indirectly in state sales tax, an amount that would increase to about \$1300 under HB 150. I would also add reform provisions to SB 1 to maximize relief to local schools from state mandates, require better accountability to parents and taxpayers, and improve the state's educational governance structure. With respect to the state's educational governance structure, I should note that two Attorney General Opinions, WW-324 by Will Wilson and JM-58 by Jim Mattox, indicate that the governance provisions in SB 1 would be unconstitutional. The reform proposals that I support are in the bill that I will deliver to the legislature. I will not sign an education financing and reform package that does not substantially contain these reforms.

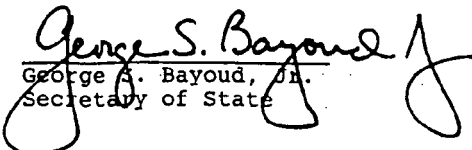
I recognize that the process of developing a consensus to reform our education system is a long and difficult one. My office has worked very hard to facilitate the development of that consensus and I have expressed very clearly my positions on the key issues. We participated actively during the task force hearings and persuaded the task force to recommend many of the reforms contained in it's final report. I called the legislature into special session the very day that I received the task force report, and I will keep them here until a solution is reached. I have met with Lt. Governor Hobby and Speaker Lewis at least once a week for several months primarily to discuss the progress on education and reform. We have worked closely with key senators and house members and have persuaded many of them to support important education reforms in the legislation. I have repeatedly stated my position on no new taxes, and my staff has laid out my non-tax plan to both the House Appropriations Committee and the Senate Finance Committee to pay for the first year of an education bill.

In closing, I respectfully urge the legislature to carefully consider the education reforms and funding options that I support. My solution will not require any new statewide taxes, nor will it permit local property taxes to be increased without voter approval. I will continue to work with the legislature to implement and pay for a better education system. Urgent attention is needed so that no schools need to borrow funds or use reserves to remain open. There are no higher stakes than the future of the children of Texas.

The Secretary of State shall take notice of this action and notify the legislature.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused the seal of the State to be affixed hereto at Austin, this 1st day of May, 1990.

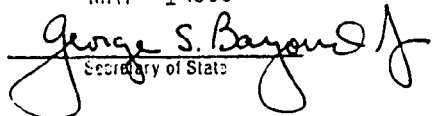
  
William P. Clements, Jr.  
Governor of Texas

  
George S. Bayoud, Jr.  
Secretary of State

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE

3:35 P.M. MAY 1 1990

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George S. Bayoud, Jr.  
Secretary of State